

POLICY FOR APPROVAL OF REIMBURSEMENT TO STATE, SCHOOL AND PUBLIC AGENCY EMPLOYERS OF BOARD MEMBERS

By resolution adopted February 18, 2004, as amended effective August 19, 2010, CalPERS shall reimburse a state, school, or public agency employer of an elected Board member for the direct and reasonable costs that are incurred by the employer when the Board member is fulfilling his or her responsibilities to CalPERS. The Resolution was adopted to implement the provisions of Government Code section 20092, which allows CalPERS to reimburse the employers of elected board members.

The direct and reasonable costs for which an employer can be reimbursed under this policy shall include the actual out of pocket expenses incurred by the employer. Out of pocket expenses include, but are not limited to, 1) the salary and benefits payable to a person employed to replace the Board member and 2) any other costs that are directly related to the Board member fulfilling his or her responsibilities or duties to CalPERS.

All acts taken in accordance with this policy are subject to the strictest fiduciary standards. The Board must exercise its authority in accordance with its fiduciary duties – in particular, the duties to deliver benefits promptly, to pay only reasonable expenses, to minimize employer contributions, and to act with the care, skill, prudence and diligence appropriate to the task at hand.

PROCEDURE

1. Memorandum of Understanding:

- a. On an annual basis, the CalPERS Fiscal Services Division will notify the Board Member's employer, in writing, of the requirements of this Policy and the reimbursement process and will forward a copy of the forms to the employer. A copy of the letter will be sent to the Board member and the Board Services Unit. The letter will notify the employer of the annual full-time equivalent (FTE) number of hours that CalPERS has on record for the Board Member's classification and a request for updated information if there has been a change due to any form of negotiation.
- b. On an annual basis, the Board member will propose and obtain the approval of the Benefits and Program Administration Committee ("BPAC") at its April meeting of the percentage of the Board member's time, up to 100%, that will be required of the Board member to fulfill his or her duties to CalPERS in the coming year.

- c. Fiscal Services will work with the employer to document an agreement between CalPERS and the employer under this Policy by a memorandum of understanding (MOU). The MOU will include the percentage of the Board member's time to be spent on fulfilling his or her duties to CalPERS as approved by BPAC under paragraph 1.b., above ("Percentage"), and an agreement by the employer to be bound by this Policy.
2. **Board Member Request.** To initiate the reimbursement process, the Request for Employer Reimbursement Form ("Form") (attached as Exhibit 1) must be completed by the Board member on a quarterly basis. Each request shall specify the time period of the request which is limited to a time period(s) prior to the date of the request and must align with the invoice provided by the employer as required by paragraph 4, below. The Board member shall submit the completed Form and supporting documentation to the Board Services Unit.

The Board member shall attach to the Form supporting documentation, via Monthly Activity Reports (attached as Exhibit 2), explaining the activities for which the Board member is seeking reimbursement on behalf of his or her employer. Each report shall include "routine" activities without further documentation. Requests for additional time must include additional documentation to include the actual dates and time spent beyond the "routine." The Board member's signature on the Form certifies that the Board member in fact attended the Board, Committee, subcommittee, offsites, workshops, interviews, and meetings with staff, consultants, beneficiaries, stakeholders or industry experts, as represented on the Form. No employer shall be reimbursed for time under this Policy unless the Board Member actually attended the activities for which reimbursement is claimed.
3. **Board Services Unit Review:** The Board Services Unit will review the Form, with attached Monthly Activity Reports and will calculate the full-time equivalent Percentage of annual hours, and will submit the Form, with Monthly Activity Reports attached to the Fiscal Services Division – Administrative Accounting Section, with a copy to the Board President.
 - a. In the case of a non-routine category or amount of time requested, the Board Services Unit will elevate the report to the Board President and CEO or his or her designee for joint approval.
 - b. In no event shall the Percentage exceed 100% or the Percentage agreed to in the MOU between CalPERS and the employer.
4. **Employer Invoices:** The employer shall apply the Percentage per the MOU between CalPERS and the employer to salary and benefit expenses

- of the employee. The employer (via invoice) and the Board member (via the Request for Employer Reimbursement Form and Monthly Activity Reports) shall certify that the amount of reimbursement requested constitutes the direct and reasonable costs to the employer associated with this Board member. Under no circumstances shall any employer receive any reimbursement unless the Board member actually attended the meetings, events, or other activities for which reimbursement is claimed. The employer shall submit invoices to the Board Services Unit for reimbursement on a quarterly basis not later than 30 days after the end of the applicable quarter, or pursuant to the MOU between the employer and CalPERS. If the employer fails to submit timely invoices, the employer will forfeit the right to reimbursement from CalPERS under this Policy.
5. **Approval:** Fiscal Services will review for accuracy the Form and Monthly Activity Reports received from the Board Services Unit and will submit the package to the Chief Executive Officer (CEO) or his or her designee and to the Board President for joint approval.
 6. **Advise Employer of Decision:** After approval of the request for reimbursement by CalPERS in accordance with paragraph 5, above, Fiscal Services will inform the employer that CalPERS will reimburse the employer for the costs claimed. Fiscal Services will forward a copy of the finalized documents to the Board Services Unit upon release of payment to the employer.
 7. **Transparency and Accountability:** The reporting, which correlates time to specific activities, and the streamlined approval and processing of reports, in combination with the proposed Board oversight role, provide a sound framework for transparency and accountability. The Executive Office, via the Fiscal Services Division, will prepare an annual information report to the Board of Administration that summarizes the requests for reimbursement submitted by Board members.
 8. **Dispute Resolution:** In the event that the elected Board member, employer, CEO (or designee) or Board President disagrees with elements contained in the request for reimbursement or payment, the issues will be brought to BPAC for resolution.



Board of Administration
California Public Employees' Retirement System

Policy for Approval of Reimbursement to State, School and
Public Agency Employers of Board Members

Exhibit 1

REQUEST FOR EMPLOYER REIMBURSEMENT FORM

**To be Submitted to CalPERS Executive Office
Board Member Services Unit**

Name of Board Member: _____

Name of State, School, or
Public Agency Employer: _____

Request Period: _____

I request that CalPERS approve reimbursing my employer for the direct and reasonable costs of employing a replacement for me while I am fulfilling my responsibilities and duties as an elected CalPERS Board member.

In making this request, I certify that for the period of _____ to _____, I spent _____ hours fulfilling my responsibilities and duties as an elected CalPERS Board member, as follows:

Check Those That Apply	Category	Hours	No. of Months	Total
X	Baseline hours	105	x	
	Serving As Board President	46	x	
	Serving As Chair of a Standing Committee	9	x	
	Serving As Chair of an Ad Hoc Committee or Subcommittee	6	x	
	Other activities as documented	See documentation		
	Other activities as documented	See documentation		
	Other activities as documented	See documentation		
	TOTAL			

Attached is documentation for those hours spent on fulfilling the following additional Board duties:

- ☐ _____
- ☐ _____
- ☐ _____

Signature

Date

The employer shall submit an invoice requesting reimbursement, to the Board Services Unit, on a quarterly basis not later than 30 days after the end of the quarter, and apply the annual percentage to salary and benefit expenses incurred for the direct and reasonable costs of this Board member per the MOU. The Employer and Board member shall certify that the amount of reimbursement requested constitutes the direct and reasonable costs incurred by the employer.

The Board Services Unit will forward the request for reimbursement to CalPERS Fiscal Services Division – Administrative Accounting Section along with the Board member's completed monthly reports.

The Fiscal Services Division shall forward the request for reimbursement to the CalPERS Chief Executive Officer or designee and the Board President for joint approval and a copy of the approved request shall be provided to the Board Services Unit.



Board of Administration
California Public Employees' Retirement System

Policy for Approval of Reimbursement to State, School and
Public Agency Employers of Board Members

Exhibit 2

**BOARD MEMBER
MONTHLY ACTIVITY REPORT**

Elected Board members whose employers seek reimbursement for a replacement shall record time spent on various categories of Board duties on a monthly basis.

Each elected Board member will use a baseline of 105 hours per month (equating to approximately 25 hours per week) to account for the necessary scope of duties common to all elected Board members. A baseline has also been established for certain additional Board roles and responsibilities, including Board President and Committee and Subcommittee Chairs. The baseline represents the "routine" activities of Board members. However, Board members would not be limited to the baseline hours if actual documented hours exceed the baseline and Board approval is obtained. Other activities would be recorded and documented by the Board members in the categories shown in the table below.

Table 1

Category	Hours/Month
Board and Committee meeting preparation and attendance ¹	105 (routine)
Serving as President of the Board	46 (routine)
Serving as Chair of a Standing Committee	9 (routine)
Serving as Chair of Ad Hoc or Subcommittee	6 (routine)
Serving as Vice President of the Board	5 (routine)
Serving as Vice Chair of a Standing Committee	3 (routine)
Attending conferences and other educational events ²	As documented
Representing CalPERS at meetings with government officials, or members of the investment or pension community, or other groups such as advisory committees	As documented
Attendance at CalPERS staff functions	As documented
Other duties as assigned by Board President	As documented
Travel time as needed for any of the above activities	As documented
Other non-routine activities	As documented
TOTAL Monthly Hours	

¹ Includes attending noticed Board and Committee meetings, including offsites, workshops, and interviews; preparing for Board and Committee meetings; meetings with staff, consultants, beneficiaries, stakeholders, or industry experts; responding to individual constituency e-mail, telephone calls, or correspondence; and keeping current on pension fund and health industry issues.

² Educational events are limited to those that provide training/information to the Board member that will assist them in performing their duties to CalPERS.